

COUNCIL WORKSHOP W/Board of the American Folk Festival February 1, 2010

Stone opened the meeting stating that the intent of the meeting was to get to know each other and find out what is on each other's minds in order to move forward. He said his intent was not to seek a lot of public comments and he prefers the discussion to be between the board and the City Council. Stone recognized that Council Weston has indicated that there is an individual that would like to make a short comment.

Weston introduced David Whitehill, the Executive Director of the Bangor Symphony. Whitehill spoke of the wonderful transition period of the Bangor Symphony. He said that they are financially solid and sound. He was accompanied with Robert Franz from Columbus, Ohio. Whitehill said that they are undertaking a music director search and had 192 applications representing 37 states and 10 Countries and have narrowed it down to 5. Franz performs in major metropolitan areas such as Buffalo, Huston, Ohio etc. and Whitehill wanted to welcome him to the Bangor community. Franz said it is an honor to be here noting that the BSO was incredible and he found it incredible the way the audience and community responded to the orchestra. He stated that he travels all around the country and it is rare to see a community and an orchestra so tightly bound and one that works so well with all its colleges in the community. He feels that is vital and not only for the success of the orchestra but also the success of the community. It was very clear to Franz while talking to many of the leaders of Bangor that he met over the weekend, how important the role of the arts play. He congratulated the Council and said it was a very impressive community.

Stone referred to a list of questions that was sent to Maria Baeza at the Folk Festival.

Maria Baeza, Chair of the American Folk Festival and Rick Fournier, Treasurer of the Folk Festival, began reading the list of questions. The first question was "What does the Board consider their mission and top priority, understanding they may conflict." Baeza thinks that their priority is most definitely putting on a festival with a budget that has sustainability built into it that would eradicate the debt. She summarized the mission statement by saying that the American Folk Festival on the waterfront presents multi diverse traditional arts, music, dance, crafts, food, and storytelling. Their vision is that the American Folk Festival will present music, dance and other performing arts representing cultural traditions from America and the world, showcase the Bangor Waterfront, and the greater Bangor area, Maine and the entire Atlantic Northeast region. Their vision also includes exposing audiences to the traditions of the region showcasing the area's finest traditional arts through demonstrations, narratives and interpreted exhibits. It also offers festival goers the opportunity to purchase authentic traditionally made crafts from regional artisans to generate interest among individuals, families and businesses that may lead to relocation into the market resulting in a positive impact on the region's economy and quality of life. The mission also

encourages unity through celebration of a shared culture among states and providences in the Atlantic Northeast and to promote community ownership through volunteerism, attendance and individual contributions. They also try to enhance the festival experience by offering a wide variety of regional and ethnic food. They work towards securing investments and participations from community, business, civic, cooperate and foundation institutions and maximize earned income through bucket brigade, merchandise sales, booth rentals and parking fees and other revenue generating projects. And lastly, their mission is to present the event with no admission fee to the largest possible audience and to align the festival's philosophy with the City of Bangor's mission, vision and objectives. Baeza said that putting on a festival with a budget that ensures its sustainability will lead them to their top priority without conflict.

The next question was "How does the board anticipate balancing the mission and the outstanding balance owed to the City?" Rick Fournier spoke about sustainability and paying back the City over a period of time. He said that they hope to have the debit paid off in a 5 to 6 year period. Baeza said they are committed and have created a budget for 2010 that they believe will begin to address repaying the City.

The third question was "What role does the board feel the City should play in helping to achieve the mission?" Baeza said that their hope and expectation is that the City will continue to be partners and share responsibility for producing this fantastic event that so benefits the community.

The next question asks to "outline a plan where the Folk Festival anticipates no need from municipal involvement and in-kind services." She said it is impossible for her to create a scenario where they would not look to the City for in-kind services and they would hope that the City would understand the impact and the contribution that the festival makes to the community and that a way is found to continue this partnership.

Baeza said that every City Councilor, American Folk Festival Board member and staff has inherited this partnership that is being discussed. It was a partnership that began around an incredible dream. The decisions were made over the years within the context of that relationship and some of those decisions, in hindsight, should have been done differently. The American Folk Festival Board allowed a debit to accrue for which they must and do take responsibility. The City enabled that debt to accrue and Baeza is sure that the City is working on their part. With all the ups and downs that all partnerships have gone through, the common thread that ties us together and remains constant is that this partnership enhances this community. The American Folk Festival enhances and benefits Bangor and the surrounding region economically, culturally, and in spirit. She said they are pleased to be here today to begin the process of redefining this partnership, understanding that the past has many lessons to teach.

Baeza then began the second series of questions. "What was the arrangement with the credit card company for repayment and why was it put in a better position than the

City?" Fournier said there is no agreement with the City right now and credit card companies typically charge a higher rate than the City does.

Baeza went to the next question and said that support from the Council for funding from the Cultural Commission will be discussed later. She skipped to the next question, which was that Stone understood that "there were comments made suggesting the use of Cultural Commission monies to repay the City and he will not support Cultural Commission funding and does not understand the wisdom of using the City's money to pay the City back." Baeza thinks that when these suggestions were made by Councilors to the Board, the Cultural Commission was a separate fund that received grants and would allocate funds. She said it states in the Resolve that the AFF would receive this allocation of funds from the Cultural Commission and remain separate. The Board was told by Councilors and stated in the Resolve that whatever money they received would need to be paid back. Fournier agreed that it seems as though money would be passed from one hand to another, which did not make sense to him. He pointed out that this is why they did not have this money listed in the budget as being received.

The next question relates to the reduction of the size of the board. Baeza read that "as your major creditor inserting both Councilor representatives on the Executive Committee". She pointed out that the Executive Committee members are elected officers, and one individual is invited at the discretion of the Chair. No one on the Board gets paid and recognizes that it is all voluntary. Their Board is on the smaller side and, if there were going to be two representatives from the City; it might be good to have a staff person and a Councilor because the staff person might provide a little more continuity. Stone said that because the City is the largest creditor, like any other major corporation, the creditor typically get more members on the board than other people. It seems appropriate to that if Councilors and the Finance Director for the City were on board in order to insure the repayment of the City, the City's interest would be more protected.

Baeza said that a lot of time, energy and hours have been spent on looking at cuts and they are looking to be very conservative on the revenue side. She said there were revenues that were expected that were not incorporated into the budget that would produce a budget which allowed for repayment of all debts. Staffing has been unchanged due to the fact that this will be a transition year and there will be changes that will involve some additional responsibilities on their part. The Board felt that outsourcing would cost more. Stone interjected that the reason for this question was to find out if there was a possibility to cut staff this year, and wondered if it was possible to cut last year as well. If so, why were they not cut last year? Fournier stated that they have formed a personnel committee to start reviewing specific jobs and responsibilities.

The next question/statement was "General discussion of in-kind services with a proposal to reduce significantly for this to be done, the Folk Festival might have to use

outside contractors to cover certain areas of responsibilities.” Stone referred to an in-kind list produced by Deb Cyr giving a list of services provided by the City and staff. If an allocated dollar amount is expected for a specific service and the service can be provided by an outside source for the same or less, it should be looked at. Baeza responded by saying that tonight’s discussion will hopefully help define the roles of the shared partnership between the City and the Folk Festival. Stone responded by saying that he was not sure that the City will be able to afford these shared responsibilities this year and asked Fournier to re-look at what is needed and what might be able to be done for less. Fournier feels that there will be a weaning off process and says that knowing that the money is unavailable is one thing, but will make their adjustments to sustain themselves. He feels that it might take some time to adjust to the lack of in-kind.

Nealley commended Baeza and Fournier for coming forward to work with the Council. He spoke of the transition between the National Folk Festival and the American Folk Festival and recognized the need to step things up that year but there was the hope that at some point in terms of the budgetary operations, things would become less reliant each year. He said that he did not feel that the Council realized how much money had been expended that was not authorized through regular process. He questioned the reduction from \$179,000 to \$85,000 from the individual giving and Fournier replied by stating that year-end there was a significant gift of \$100,000 and he does not anticipate that happening again this coming year.

Baeza said The AFF has appreciated the City’s cash support as well as the gift in-kind and have understood the relationship and the partnership is slightly unique in that it was the City that was part of the founding and sort of the father of the Festival. The relationship and partnership that evolved with the American Folk Festival was unique.

Blanchette spoke about the operation of the Council and the standing committees. She stated that the Council has 3 voting members on all of the standing committees plus two alternates. She would like the AFF board to consider allowing two alternates from the Council to be appointed and, if Bronson or Weston were unable to attend the meeting, an alternate can step in. She believes that this situation should have never happened and cannot happen again. She spoke to Fournier on a previous occasion asking if the Bank charges interest on the balance of the money. He said yes and that he didn’t know a bank that would not charge interest. Blanchette made the point that if a citizen came to City Hall and could only pay 6 months of their property taxes, the citizen would begin accruing interest on those property taxes from that day on. She doesn’t know how to expect the people of Bangor to understand why they can’t fall behind on their property taxes or the City will charge them 11 or 12% on the unpaid portion, but the City will excuse the American Folk Festival’s interest of their debt. Fournier responded saying that at this point there has been no agreement. Baeza agreed with Blanchette that this should not have happened, should never happen again and the Board is willing to do whatever needs to be done to insure that this never

happens again. Blanchette questioned that there was never an agreement somewhere along the line. Baeza said there was never any agreement in writing. She said that she was not there during that time but would imagine that everyone got caught up with this incredible possibility of being the smallest city awarded the NCTA contract and that the City would hold this Festival. She thinks that people proceeded with a very fluid relationship that worked at the time. Clearly, 8 years later, we are discovering that it did not work. Blanchette admitted that she is unfamiliar with the way that the American Folk Festival's Board works, but asked at what point in time did the Board started submitting bills that were paid through the City Finance Office. Cyr said the in the fall of 2002 when the City ended up as a result from a request from the BCVB, who was housing and operating the National Folk Festival at the time, as well EMDC. She said that the budget for the National Folk Festival was about 3 times the budget of the BCVB and the goal was to have a nice clean revenue and expense statement for that period of time. Cyr said that there was an initial written agreement back when the National first came to town. She said that Heitmann has a copy and she will get it. This only stated that the City would act as a producing partner in association with the other founding partners, which were EMDC, City of Bangor, the BCVB and the Board of the NCTA. It did envision in-kind and stated that the City would do all it could to make this festival the best that it could. It did not address the City acting as a fiscal agent because that was not the role of the City at that time.

Blanchette asked the Board to think about why there have not been cuts to their staff of 3 full-time and why 5 or 6 members on the personnel committee are needed. Baeza said that one of the things that the Board has adopted recently is working out of a business model. One of the things that they don't have is an employee manual. The Board felt a commitment to all the questioning and felt a responsibility to look at how they are running the staff. She said that the personnel committee was more than just to look at the 3 full time staff. The Board is now responsible for coming up with a personnel manual, competitive salaries, making sure job responsibilities are aligned, etc. She said that this board has taken on a huge task in revamping how they operate.

Blanchette is asking for an explanation on what additional responsibilities the 3 staff members have taken on. Baize stated that there were no reductions in staff because the Board believes that the job that is being done fits the job descriptions and responsibilities required each of the three staff members. In addition, with the new budget, the change in the contract with NCTA, and new revenue producing programs that were being put in place, there were some new responsibilities involved. For example, the Board is putting in place a sustaining member program. This has not been budgeted as part of the revenue sources, but a program that is being initiated to get a higher level sponsor similar to MPBN's. This program will need some attention and cultivation. In addition to that, there is some contracting and work that will need to be done that the NCTA will not be doing. Baeza said that they are instituting a new program onsite that will be an extension of the bucket brigade and will involve a lot of work to include training.

Bronson said that although he has only been here a short time, he wants to see a 2010 Festival and in years to come. Initially he began to look at this as how can everyone solve this issue of this budget shortage. It is clear to him that there was no appropriate internal agreement within the City to allow that to happen. He said that the City does not have an appropriate agreed relationship with the Folk Festival and there is certainly no documented agreement or understanding. He feels frustrated and thinks the budget is still overstated and can be shrunk noticeably while still producing the same event. He wishes that he could come to the Council asking them one more time to put the cash into the Folk Festival and one more time to put the in-kind services with some understanding that a different future is coming. He feels the Board is too large to be functional. He understands these individuals have done marvelous supportive things, but a smaller board and a committee that includes everyone who have made their contributions and will continue to make their contributions is what he suggests. He said that the Council has requested the budget to be shrunk dramatically and he has not seen that happen either. He is frustrated and despite the difficulty in the next fiscal year, he felt that the Folk Festival was going to change, but he does not see the changes. He understands that many people do not like the numbers that have been produced regarding the in-kind services. He said that Cyr has worked on what it cost the City last year to provide the in-kind and many would be surprised to discover that it was \$154,000. To compare, he said that would put the docks in and out of the river approximately 15 times, could solve the dog park problem, and help with the squeezing that is being done to other departments. He feels that the Folk Festival needs to understand what the Council will provide and what they will not because they cannot go on a lot longer without this information.

Weston stated that he and Bronson have done some historical digging since they joined the Folk Festival Board as representatives. It became clear to him that the initial understanding of the Folk Festival and the City's partnership was based on assumptions that have outlived the people at the table during that time. He thinks it is time to formalize it and was disappointed when the Board decided to hold a public meeting this past week to announce the budget and the intentions of this year's Folk Festival because the word partnership has been used so often. As a board member and a representative to both the Council and the Board, he received the budget and the details from a local TV news reporter and not as a member of the Board of Directors or as a member of the City Council. He would have assumed that tonight's conversations would have taken place prior to that announcement of the budget and prior to the workshop announcing what the Folk Festival was going to look like. It is clear to him that the \$300,000 is not a debt; it was not a loan and not going to a bank. This was a protocol that did not work out. There were actions that were done on both parts without clear communications and understanding or documentation. He hoped that the piece that is being discussed would have been discussed privately prior to the launching of the public announcement. He then spoke about the in-kind services, the value thereof, that has been documented in the budget at \$65,000, clearly this falls

short of accurately describing the services the City has provided. The word partnership assumes a place at the table. He recognizes that there has been some amazing work done by the Board this year, but the partnership needs to be solidified before any announcement going forward. The net sum of the repayment schedule that the Board has with the City of Bangor is less than 2% of the outstanding debt. Weston feels these numbers should have been discussed before a public meeting was held. He says that moving forward does not have anything to do with the size of the budget or the size of the Board. He is more concerned with what is done with the money and the relationships and partnerships.

Cyr responded to Wheeler explaining that the debt incurred by the Folk Festival was very informal where the City would advance up to a certain amount while the City was serving as fiscal agent. As been noted earlier, Cyr said that there were no written agreements to that effect.

Wheeler stated that the money given to the Folk Festival was used and there is no legal instrument by which the City can require this debt be paid back. He feels this is a moral obligation rather than a legal obligation. Responding to Wheeler, Baeza said that the paid staff positions are legitimately equivalent to the standard definition of full time jobs and pointed out that there are some weeks in the year that their hours are off the chart, but most of the time they are busy throughout the week. Wheeler pointed out that the people of Bangor love the Folk Festival. Responding to Wheeler, Baeza said that their belief and hope goes back to this Resolve that was presented to the Board. She read the Resolve and added that she feels what it lacks is the contribution the Festival makes to the City and she would imagine that for her the City Council pulling its support of in-kind services from the festival would be a modern day version of the City tearing down Union Station. It would be taking down something or not participating in supporting something that is very precious to the City and she thinks it brings great economic impact and contribution to the City. She says that they could look forward to putting on a festival without the City's gift of in-kinds; however, the desire is to continue this partnership that benefits both tremendously.

Wheeler suggested that Baeza go back and reconstruct a budget. Palmer thinks that without the Folk Festival, Bangor would not have seen the advancement at the waterfront with the physical development of the waterfront and would not have seen the development of Hollywood Slots on the waterfront and there would be no discussions needed about a new arena. He believes that it is important to formalize the relationship with the Folk Festival Board in many ways to include the financial side.

Stone recommended that the City Council sit down and make some decisions on some items and have the two representatives come back to the AFF Board with what the Council decides. Hawes is concerned with the timeframe. The longer this is put off the more it will be an imposition for the staff and volunteers of the Folk Festival. She thinks these needs to be done quickly. Responding to Hawes, Stone said that he intends to

get together with Council next week as a full Council and make whatever decisions there is to make by a show of hands. He understands the position they are in and agrees that this needs to be addressed soon.

Nealley feels that the debt should not be construed as a line of credit and in need of immediate refurbishment with some type of slow pay promissory note. He wonders if this gives some opportunity in the planning and how they move forward. Responding to Nealley, Stone said he is not prepared to make a decision tonight because the in-kind services need to be discussed. Fournier and Stone agree that in order for the City to be paid back, the Festival has to continue. It is in the City's best interest that everyone works together.